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## Poland

### Grain and Feed

## Poland Restricts Grain Exports 2003

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**Report Highlights:**

Poland implemented its first post-Communist era grain export fees effective August 28, 2003 through April 30, 2004, the day prior to Poland's May 1, 2004 EU accession. The fees are intended to limit exports and support domestic supplies. Grain import needs will nevertheless remain strong. U.S. prospects for grain exports to Poland would be good if not for Poland's grain import trade barriers.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Warsaw [PL1]  
[PL]

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## Executive Summary

Polish authorities announced implementation of grain export fees effective August 28, 2003 through April 30, 2004. Exporters of wheat or wheat flour would be assessed 300 zloty (US\$ 76) per metric ton (MT). Exporters of other grain, flour, grouts (HS 1103) and flakes (HS 1104) would be assessed 200 zloty (US\$ 51) per MT. The Ministry of Agriculture's Agricultural Market Agency would collect such fees if exporters apply for export permits. Upon Polish EU accession effective May 1, 2004, this policy will be eliminated and Poland will be subject to expanded EU grain trade policies.

The official reasons behind this new policy were not fully revealed but the new Minister of Agriculture had stated concern about Polish grain supplies. He'd noted that although domestic supplies were higher than in some European countries most damaged by severe heat, Polish grain prices are lower than in some European countries. Consequently, there could be foreign demand for Polish grain despite domestic shortfalls in supplies within Poland.

We do not think this will significantly impact our current Polish grain trade estimates so do not wish to alter the PS&D in PL3023, dated 08/04/2003.

## Production

The Main Statistical Office estimates this year's "basic" grain production (corn not included) at 2.2–3.2 MMT lower than a year ago. Corn production is not officially estimated, but sources indicate that the corn crop will be unusually high.

## Consumption

This year's harvested wheat is reportedly of high quality, some sources indicate that the quality is about the same as it was last year. Reduced feed demand for MY 2003/04 is forecast because of reduced swine numbers related to the swine cycle and low pork production profits.

Mixed opinions are presented by the feed industry. On one hand the feed industry complains about the limited availability of feed wheat and 10-12 percent higher feed wheat prices, while at the same time relatively cheap bran is not under strong demand. The feed industry also complains that most of the wheat is of milling quality and is sold within the government program for the food industry making the price of feed wheat higher. They anticipate another record corn crop but are concerned about current feed market conditions until corn is harvested.

## Trade

According to some trade sources, Poland will need to import around 2 MMT of grain in MY 2003/04. However, other sources estimate imports at around 1.5 MMT.

According to some industry sources, half of the forecast 2 MMT of imports will be imported from European sources, but around 50 percent will have to be imported from other sources because of poor grain crops in Europe. Meanwhile, the Polish press reports that the EU will not issue grain export permits because of this year's low harvest nor fees on grain exports.

## Policy

Polish import duties on grain from non-EU or non-Central European Free Trade Agreement (CEFTA) countries may require quick reduction to facilitate such imports. These rates are currently 25 percent on wheat within their WTO quota (64 percent, minimum 0.1 EURO per kilogram is the tariff on over quota wheat imports) or 20 percent on feed grain. Without reductions, these high tariffs will remain strong trade barriers and will severely limited non-EU and non-CEFTA imports according to some traders.

According to a Polish agribusiness publication, "Agrobizness", the Polish Ministry of Agriculture believes grain shortages will not be so high as the grain industry suggests and that the Ministry should delay import policy change decisions until the government's grain procurement program is completed. The grain program this year is almost 1.0 MMT higher than a year ago and together with financial support for grain storage on producer farms may reach 6 MMT.

### Marketing

Undoubtedly, Poland's MY 2003/04 import needs will be much higher than last year. A large portion of the forecast 1.5 – 2.0 MMT could be imported from the U.S., however, the longstanding zero tolerance Ambrosia spp. phytosanitary policy will block large shipments. Also, according to trade sources, recent price advantages for U.S. wheat have dropped due to rising U.S. prices. Another complication is that among feed grain imports, biotech corn varieties require Polish government Ministry of Environment registration and approval for import. Currently, only one variety of biotech corn has thus been approved.